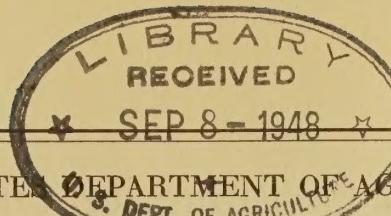


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UNITED STATES DEPARTMENT OF AGRICULTURE
S. DEPT. OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION

Flue-Cured Tobacco Facts

This statement presents the situation as regards flue-cured tobacco. It indicates the production needed for 1938 to maintain supply in line with demand. Acreage allotments which will be determined for individual farms under the 1938 Agricultural Conservation Program will take into account the amount of production needed. The information contained in this statement should prove useful to voters in connection with the referendum on marketing quotas for flue-cured tobacco under the Agricultural Adjustment Act of 1938.

Summary

1. The 1937 flue-cured tobacco crop was approximately 850 million pounds. This was 25 percent more than the 1936 crop of 682 million pounds, and second only to the record crop of 865 million pounds in 1930.
2. The total supply of flue-cured tobacco in the United States July 1, 1937 (including 1937 production and carry-over), climbed to 1,733,000,000 pounds, the highest supply on record, 11.5 percent more than on July 1, 1936.
3. Although world consumption of United States flue-cured tobacco has increased above the low point of 1932, it is still below the 1929-30 level. Gains in domestic consumption have not been sufficient to offset the loss in foreign consumption in 1931 and 1932.
4. Exports to Great Britain have increased, but the rate of increase has been less than the rate of increase in use of Empire-grown tobacco. China and Japan are consuming less United States flue-cured tobacco and growing more of their own.
5. Domestic stocks of flue-cured tobacco increased from 676 million pounds in 1933 to 883 million pounds in 1937. The 1937 crop will add about 100 million pounds to these stocks. It will also increase foreign stocks.
6. Supply now appears to be somewhat large even in relation to the higher consumption level. Continued production above consumption will mean prices less favorable than those that have been received for the last four crops.
7. In order to keep production in 1938 from exceeding world consumption of United States flue-cured tobacco, it will be necessary for growers to reduce plantings below those of 1937.

Domestic Consumption and Supply

Estimated domestic consumption of flue-cured tobacco will reach a new high level of around 350 million pounds during the current year 1937-38—an increase of about 5 percent above domestic consumption in the preceding year. The increase of consumption has resulted from the increased use of cigarettes, and has been sufficient to more than offset losses in flue-cured tobacco used for domestic smoking tobacco and chewing tobacco. About four-fifths of the flue-cured tobacco consumed in the United States is used in cigarettes and the remaining one-fifth is used chiefly in smoking tobacco and chewing tobacco.

There has been an annual increase in consumption of flue-cured tobacco in the United States since 1932. It is anticipated that domestic consumption will continue to increase, but the rate of the increase is expected to be slower. It is significant that the consumption of cigarettes during the last 6 months increased only 5 per-

cent over the same months a year earlier, compared with a rate of increase of 10 percent during the 2-year period beginning July 1, 1935. Domestic stocks of flue-cured tobacco have increased in recent years, but up until the present time the larger stocks were not more than sufficient to maintain a normal ratio between stocks and the increased consumption.

The total supply of flue-cured tobacco at the beginning of the present marketing year reached a new high level of 1,733 million pounds. This supply resulted from addition of the 1937 crop of 850 million pounds to the United States carry-over of 883 million pounds on July 1, 1937. With the large crop in 1937, stocks next year will be increased over the 1937 stocks by about 100 million pounds. This will be somewhat above normal even with the higher level of domestic consumption. Consequently, it does not appear that the market will absorb another large crop in 1938 without a drop in prices to farmers.

Foreign Situation

Although foreign consumption of United States flue-cured tobacco has recovered to some extent from the decline of recent years, most of which occurred from 1931 to 1932, it is still estimated to be about 100 million pounds below the levels which prevailed from 1929 to 1931.

In the United Kingdom, the most important foreign market for this tobacco, the consumption of cigarettes has increased as it has in the United States, but somewhat less rapidly. The rate of increase in consumption of Empire-grown flue-cured tobacco has been greater than the rate of increase in consumption of American-grown tobacco. The lower tariff on imports of Empire-grown tobacco has encouraged the use of this tobacco rather than United States tobacco. With the exception of Germany, consumption has increased in other European countries and in Australia.

Consumption of United States flue-cured tobacco in China has declined since 1930 and has shown no tendency to improve. Chinese production of flue-cured tobacco has been increasing for many years, the crop of 1937 being estimated at more than 200 million pounds, compared with an average of around 150 million pounds during

the period from 1933 to 1935 and less than 100 million pounds prior to 1931. Production of flue-cured tobacco has also increased in Japan. The present conflict in the Orient has resulted in unstable and uncertain conditions, the effects of which are not predictable.

In Canada substantial quantities of United States flue-cured tobacco have been displaced by increases in Canadian production, the estimated consumption of American grown having decreased from around 16,000,000 pounds during the period from 1928 to 1930 to around 4,000,000 pounds at the present time.

Stocks of United States flue-cured tobacco in foreign countries were relatively low at the beginning of the 1937 marketing year. The 1937 crop was generally considered a good crop for the export trade. For some countries in which increased consumption in recent years has been accompanied by comparatively small purchases, there has been a tendency to purchase enough tobacco from the 1937 crop to meet current consumption and replenish depleted stocks. It is estimated that the total volume of exports during the current marketing year may reach 400 million pounds, which is considered to be sufficiently

above the level of foreign consumption to permit stocks in most countries to be restored to approximately normal levels. In view of the relatively

large exports from the 1937 crop, it is likely that purchases for export from the 1938 crop will be substantially smaller.

Acreage, Production, and Yield

In 1937 the harvested acreage of flue-cured tobacco mounted to 962,500 acres, the highest since 1931. This increase occurred notwithstanding the fact that about two-thirds of the acreage on which flue-cured tobacco is grown was covered by the Agricultural Conservation Program. The large acreage in 1937 was accom-

panied by a high yield per acre, estimated at 883 pounds, which compares with an average of 832 pounds for the 4 preceding years, and 748 pounds for the 10 preceding years. The 1937 crop of 850 million pounds was exceeded in size only by the crop of 865 million pounds in 1930, and was from 125 to 150 million pounds above present world consumption.

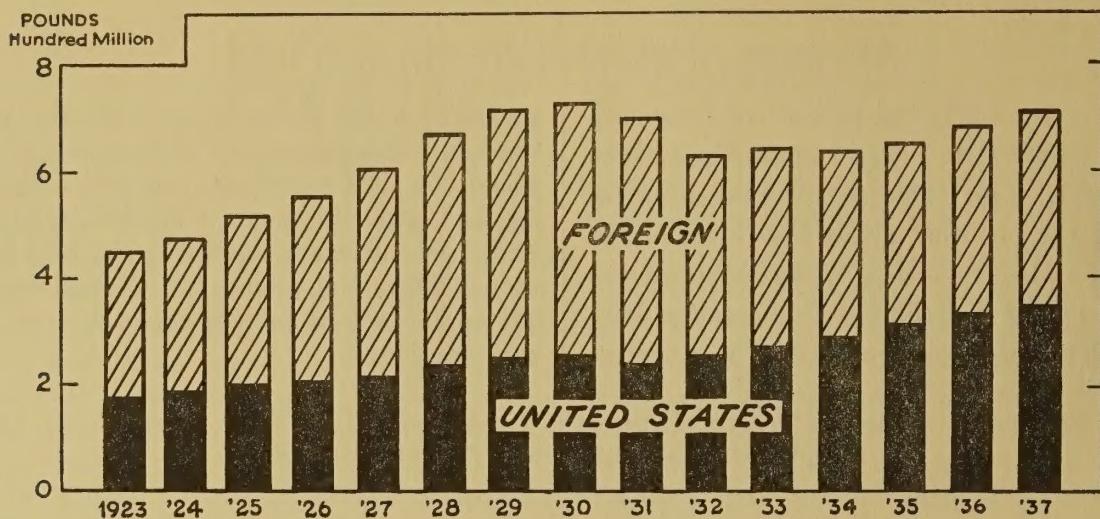
UNITED STATES FLUE-CURED TOBACCO: Acreage, Yield, Production, Price, Farm Value, Stocks' Supply, and Consumption, by Years, 1920-37

| Year | Acreage harvested | Yield per acre | Production | Season average farm price per pound | Farm value | Stocks at beginning of marketing year (farm sales weight) | Supply at beginning of marketing year (production plus stocks) | Estimated consumption in the United States ¹ | Estimated consumption in foreign countries ¹ | Estimated world consumption ¹ | Number of years' supply (supply divided by world consumption) |
|-------------------------|-------------------|----------------|----------------|-------------------------------------|-----------------|---|--|---|---|--|---|
| | 1,000 acres | Lbs. | Million pounds | Cents | Million dollars | Million pounds | Million pounds | Million pounds | Million pounds | Million pounds | Number |
| 1920----- | 908.9 | 678 | 616.0 | 21.5 | 132.5 | 352.5 | 968.5 | 132 | 252 | 384 | 2.5 |
| 1921----- | 611.5 | 587 | 358.8 | 21.9 | 78.7 | 557.8 | 916.6 | 150 | 258 | 408 | 2.2 |
| 1922----- | 659.5 | 630 | 415.4 | 27.2 | 112.8 | 513.3 | 928.7 | 168 | 266 | 434 | 2.1 |
| 1923----- | 804.8 | 722 | 580.7 | 20.8 | 120.7 | 507.7 | 1,088.4 | 175 | 273 | 448 | 2.4 |
| 1924----- | 754.5 | 580 | 437.3 | 21.6 | 94.5 | 545.6 | 982.9 | 186 | 288 | 474 | 2.1 |
| 1925----- | 835.1 | 689 | 575.1 | 20.0 | 115.0 | 526.4 | 1,101.5 | 202 | 311 | 513 | 2.1 |
| 1926----- | 800.7 | 699 | 560.1 | 24.9 | 139.7 | 523.7 | 1,083.8 | 209 | 341 | 550 | 2.0 |
| 1927----- | 958.3 | 750 | 718.8 | 20.5 | 147.3 | 538.9 | 1,257.7 | 218 | 385 | 603 | 2.1 |
| 1928----- | 1,119.9 | 660 | 739.1 | 17.3 | 128.1 | 657.9 | 1,397.0 | 238 | 430 | 668 | 2.1 |
| 1929----- | 1,085.7 | 691 | 750.0 | 18.0 | 134.9 | 688.8 | 1,438.8 | 250 | 465 | 715 | 2.0 |
| 1930----- | 1,144.2 | 756 | 865.2 | 12.0 | 103.4 | 703.4 | 1,568.6 | 251 | 477 | 728 | 2.2 |
| 1931----- | 979.5 | 684 | 669.5 | 8.4 | 56.4 | 794.5 | 1,464.0 | 240 | 455 | 695 | 2.1 |
| 1932----- | 617.5 | 605 | 373.7 | 11.6 | 43.4 | 867.0 | 1,240.7 | 252 | 375 | 627 | 2.0 |
| 1933----- | 920.6 | 797 | 733.4 | 15.3 | 112.1 | 675.8 | 1,409.2 | 270 | 370 | 640 | 2.2 |
| 1934----- | 684.2 | 814 | 556.8 | 27.3 | 151.7 | 763.0 | 1,319.8 | 289 | 345 | 634 | 2.1 |
| 1935----- | 874.0 | 928 | 811.2 | 20.0 | 162.2 | 752.6 | 1,563.8 | 311 | 340 | 651 | 2.4 |
| 1936----- | 864.5 | 790 | 682.9 | 22.0 | 150.0 | 871.3 | 1,554.2 | 334 | 345 | 679 | 2.3 |
| 1937 ² ----- | 962.5 | 883 | 850.2 | 23.3 | 198.0 | 883.2 | 1,733.4 | 350 | 360 | 710 | 2.4 |

¹ The estimates of annual world consumption, together with the estimates of consumption in the United States and in foreign countries, shown in the table are preliminary and subject to revision.

² Preliminary.

Estimated Domestic, Foreign, and Total Consumption of United States
Flue-Cured Tobacco, by Years, 1923-37



Total Production, Stocks, and Prices of United States Flue-Cured Tobacco,
by Years, 1923-37

